

Message Text

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FOR DEPUTY ASSISTANT SECRETARY KATZ

FOLLOWING REPEATS MTN GENEVA 4913 ACTION DEPT INFO BELGRADE
BUENOS AIRES CANBERRA OTTAWA TOKYO WELLINGTON EC BRUSSELS
OECD PARIS JUNE 26TH

QUOTE

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DEPT PASS ALL EC CAPITALS

PASS STR AND AGRICULTURE

PASS CODEL

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJ: MTN: SUBGROUP MEETING ON MEAT JUNE 16-19

REF: A) STATE 138168; B) MTN GENEVA 4727

1. SUMMARY. THE SUBGROUP MEAT MET JUNE 16-19 AND REACHED
AGREEMENT ON ITS WORK PROGRAM AFTER LENGTH AND DIFFICULT
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DISCUSSIONS. A MAJOR CONTROVERSY AROSE OVER THE EC
OBJECTION TO THE INCLUSION OF QUOTE LIBERALIZATION UNQUOTE
IN THE WORK PROGRAM. THIS ISSUE WAS FINALLY RESOLVED IN
A SERIES OF RESTRICTED MEETINGS. TOPICS RELATED TO THE

EXPANSION AND LIBERALIZATION OF TRADE FIGURE PROMINENTLY
IN THE WORK PROGRAM. END SUMMARY.

2. THE MEETING WAS OPENED BY LUCQ (GATT SECRETARIAT)
WHO CHAIRED THE MEETING ON A TEMPORARY BASIS. INITIAL
STATEMENTS WERE MADE BY THE PRINCIPAL EXPORTING AND
IMPORTING COUNTRIES (AUSTRALIA, NEW ZEALAND, ARGENTINA,
U.S. AND CANADA). WITH THE EXCEPTION OF ARGENTINA,
THESE STATEMENTS STRESSED LIBERALIZATION AS A MAJOR
OBJECTIVE OF THE NEGOTIATIONS. MOST STATEMENTS ALSO
STRESSED SECURITY OF ACCESS, STABILITY AND INTERNATIONAL
COOPERATION AS OTHER MAJOR ISSUES.

3. U.S. (KOENIG), IN ACCORDANCE WITH REFTTEL A, STATED
THAT U.S. CONSIDERS TRADE LIBERALIZATION IN THE MEAT
SECTOR A MAJOR OBJECTIVE OF THE MTN. HE POINTED OUT
THAT WORLD TRADE IN THIS IMPORTANT SECTOR COVERS A
WIDE VARIETY OF COMMODITIES, IS OF GREAT SIGNIFICANCE
TO MANY COUNTRIES AND OF UTMOST IMPORTANCE TO THE US.
THE US STRESSED LIBERALIZATION, IMPROVED MARKET ACCESS
AND TRADE EXPANSION AS THE BEST MEANS OF RESTORING
AND ENHANCING THE STABILITY OF THE WORLD MEAT ECONOMY.
WE ALSO POINTED OUT THAT THE US AT PRESENT IS THE
WORLD'S LARGEST MEAT IMPORTER. NOTWITHSTANDING THE
MEAT LAW, US IMPORTS HAVE SIGNIFICANTLY EXPANDED IN
RECENT YEARS. WE EMPHASIZED OUR WILLINGNESS TO
COOPERATE IN A FLEXIBLE AND CONSTRUCTIVE MANNER WITH
OTHER COUNTRIES. WE SUGGESTED THAT THE MEAT SUBGROUP
ADDRESS ITSELF FIRST TO AN EXAMINATION OF THE CHARAC-
TERISTICS AND PROBLEMS OF TRADE IN MEAT, MEAT PRODUCTS
AND LIVE ANIMALS, AND THE MAJOR TRADE BARRIERS AND
TRADE DISTORTING MEASURES IN THIS SECTOR. WE ALSO
SUGGESTED THAT THE SECRETARIAT SUBMIT A REPORT
LISTING ALL TRADE BARRIERS OF MAJOR MEAT EXPORTING AND
IMPORTING COUNTRIES. THE US STRESSED THAT EVENTS OF
THE PAST YEAR HAVE DEMONSTRATED THE NEED FOR AN
IMPROVED GENERAL MECHANISM RELATING TO SAFEGUARDS.
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LASTLY THE US STATED IT WOULD SEEK COMMON
TRADING RULES FOR INDUSTRY AND AGRICULTURE. THE US
EXPECTS THAT MEASURES AFFECTING MEAT WILL BE DISCUSSED
IN OTHER APPROPRIATE GROUPS SUCH AS THE TARIFF AND
NON-TARIFF MEASURES GROUP. (SEE SEPTTEL)

4. EC (JACQUOT) (APPARENTLY WITHOUT FIRM INSTRUCTIONS)
STATED THAT HE HAD A PREPARED STATEMENT BUT THAT THE
EC WOULD LIKE TO RECONSIDER ITS STATEMENT AND GIVE IT
AT THE SECOND PLENARY MEETING ON JUNE 17. THE EC WAS
DISTURBED BY THE US STATEMENT THAT TRADE LIBERALIZATION
IS A MAJOR OBJECTIVE OF THE MTN AND BY US AND

AUSTRALIAN EMPHASIS ON DISCUSSING MEASURES AFFECTING MEAT ALSO IN OTHER APPROPRIATE GROUPS. JACQUOT STATED IT WAS NOT THE EC'S INTENTION TO QUOTE RIDE THE HORSE OF LIBERALIZATION IN THIS GROUP OR IN OTHER GROUPS UNQUOTE. HE SAID THAT WORK IN THE MEAT SUBGROUP IS NOT RELATED TO OTHER GROUPS.

5. JAPAN (YOSHIKUNI) STATED THAT THEY WERE NOT PREPARED TO GIVE THEIR COMPREHENSIVE VIEW OF HOW TO PROCEED AT THIS TIME. HOWEVER, HE POINTED OUT THAT JAPAN EMBARKED ON A PROGRAM FOR THE EXPANSION OF LIVESTOCK AND PRODUCTION TEN YEARS AGO WITH THE AIM OF ACHIEVING A SELF-SUFFICIENCY RATION OF ABOUT 80 PERCENT BY 1980. FOR THE REMAINDER OF ITS NEEDS, JAPAN IS CONCERNED ABOUT SECURITY OF SUPPLIES. HOWEVER, JAP DEL CONCLUDED THAT A MULTILATERAL APPROACH TO TRADE BARRIERS IN THE MEAT SECTOR WAS NOT REALISTIC.

6. BOTH AUSTRALIA (WARWICK-SMITH) AND NEW ZEALAND (EASTERBROOK-SMITH) STRESSED THE NEED FOR ACCESS, LIBERALIZATION, FUNDAMENTAL NEGOTIATIONS ON TRADE BARRIERS AND RESTRICTIONS, SECURITY FOR IMPORTERS AND EXPORTERS ALIKE, AND INCREASED INTERNATIONAL COOPERATION. THEY STATED THAT THE NATIONAL POLICIES APPLIED BY CERTAIN MAJOR IMPORTING COUNTRIES ARE THE PRIME REASON THREATENING SECURITY OF SUPPLY. BOTH COUNTRIES SPOKE OF ARRANGEMENTS FOR SECURITY OR ASSURANCE OF MARKETS. AUSTRALIA REFERRED TO QUOTE NEW FORMS OF INTERNATIONAL COOPERATION WITH PERHAPS SOME LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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KIND OF UMBRELLA UNQUOTE. NEW ZEALAND SAID IT WOULD SEEK ACCESS COMMITMENTS FROM INDIVIDUAL PARTICIPANTS SO THAT IN AGGREGATE WORLD BEEF TRADE WOULD ACHIEVE A MEASURE OF SECURITY. NEW ZEALAND DID NOT ENVISAGE A MULTILATERAL SOLUTION, OF THE CLASSICAL COMMODITY AGREEMENT TYPE, BUT QUOTE A STITCHING TOGETHER OF ESSENTIALLY NATIONAL COMMITMENTS UNQUOTE. BOTH COUNTRIES ACKNOWLEDGED THE POSITIVE ELEMENTS OF THE US MEAT IMPORT LAW (I.E., SECURITY OF A BASIC MINIMUM IMPORT TONNAGE AAND A GROWTH FACTOR) AND INDICATED THEY WOULD LIKE TO SEE THIS CONCEPT EXPLORED AND BUILT ON DURING THE COURSE OF THE NEGOTIATIONS.

7. ARGENTINA (MARTINEZ) STRESSED EXPANSION OF TRADE IN BOVINE MEAT, SPOKE OF INTERNATIONALIZATION OF MARKETS, CONCERTED ACTIONS, INTERNATIONAL PRICE STABILIZATION, AND THE ADOPTION OF A SYSTEM OF PLEDGES TO ASSURE ADEQUATE SUPPLIES AND DEMAND AS THE MEANS OF ACHIEVING THE ENDS.

8. EC (JACQUOT) SPEAKING ON THE MORNING OF THE SECOND DAY STATED THAT THE MAIN EFFORT OF THE SUB-GROUP SHOULD BE DIRECTED TO AVOID THE RECURRENCE OF THE RECENT EXTREME SITUATIONS. HENCE A SEARCH FOR GREATER STABILITY AND INCREASED PREDICTABILITY IN THE INTERNATIONAL MEAT TRADE IS NECESSARY. TO THIS END THE EC PROPOSED TO STRENGTHEN THE PRESENT MACHINERY FOR MUTUAL INFORMATION AND CONSULTATION AND TO IMPROVE THE MARKET FORECASTING SYSTEM. IN REGARD TO LIBERALIZATION AND ESPECIALLY TO DISMANTLING OF IMPORTS BARRIERS, THE COMMUNITY ALLUDED TO PARAGRAPH 3(E) OF THE TOKYO DECLARATION AND TO EARLIER STATEMENTS RELATING TO RESPECT FOR THE PRINCIPLES AND THE MACHINERY OF THE CAP. EC DEL ASSERTED THE ABSOLUTE NECESSITY FOR JOINT RESPONSIBILITY OF EXPORTERS AS WELL AS IMPORTERS IN THE ATTAINMENT OF SUCH SOLUTIONS. HE SUGGESTED THAT THE ACTIONS OF IMPORTERS AND EXPORTERS BE COORDINATED SO AS TO ENSURE THAT INTERNATIONAL TRANS-ACTIONS BE CARRIED OUT IN AN ORDERLY MANNER. ACCORDING TO EC DEL, THIS WOULD MEAN THAT EXPORTERS CONDUCT THEIR EXPORT POLICIES IN SUCH A MANNER THAT LIMITED OFFICIAL USE
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THEIR SUPPLIES AND PRICES BE CONSISTENT WITH THE DEVELOPMENTS IN THE IMPORTING COUNTRIES. FOR IMPORTING COUNTRIES, IT WOULD MEAN QUOTE REFLECTING IN THE ADMINISTRATION OF THEIR IMPORT REGIME, THE UNDERTAKINGS GIVEN BY EXPORTERS TO THE CONTENT AND MODALITIES OF ANY ADJUSTMENTS WHICH MIGHT BE AGREED. UNQUOTE. (SIC) THE EC STATED THAT IT SHOULD BE POSSIBLE TO ESTABLISH AGREED RULES AND DISCIPLINES BETWEEN IMPORTING AND EXPORTING COUNTRIES TO ENSURE GREATER STABILITY AND PREDICTABILITY. THE EC ADVANCED A TWO STAGE WORK PROGRAM. THE FIRST PHASE WOULD CONSIST OF AN ANALYSIS OF THE STRUCTURE AND COMPOSITION OF THE INTERNATIONAL BOVINE MEAT SECTOR (INCLUDING LIVE ANIMALS) IN ALL ITS FORMS; AND A SECOND PHASE OF A SEARCH FOR MEANS OF BRINGING MORE ORDER INTO THE INTERNATIONAL MEAT MARKET BASED ON(A) ISSUES RELATING TO THE STRENGTHENING OF INFORMATION (ARRANGEMENTS AND MACHINERY FOR INFORMATION AND CONSULTATION); AND (B) ISSUES RELATING TO THE COORDINATION OF ACTIONS BY IMPORTERS AND EXPORTERS.

9. YUGOSLAVIA (TOMIC) POINTED OUT THAT THERE WERE MANY ELEMENTS IN THE EC PROPOSALS THAT WOULD BE OF USE TO THE GROUP. HOWEVER, HE STRESSED THE NEED TO GO BEYOND THE POINTS MADE BY THE EEC BECAUSE THESE WERE NOT MATTERS THAT COULD BE NEGOTIATED. YUGOSLAVIA STATED THAT THE SUB-GROUP SHOULD NEGOTIATE ON THE MEASURES THAT RESTRICT, DISTORT AND DISRUPT TRADE.

10. OTHER DELEGATIONS (HUNGARY, URUGUAY, ROMANIA, BRAZIL, AUSTRIA, SWITZERLAND, POLAND AND NORWAY MADE STATEMENTS THAT REPEATED OR AMPLIFIED EARLIER STATEMENTS BY OTHERS. WIDE SUPPORT EXISTED FOR INCLUDING IN THE WORK PROGRAM TOPICS RELATING TO LIBERALIZATION, INTERNATIONAL COOPERATION, SECURITY AND STABILITY OF MARKETS.

11. DURING THE PLENARY SESSIONS, THE EC OBJECTED TO A PROPOSAL MADE BY US THAT THE SUB-GROUP SHOULD DEAL INITIALLY WITH BOVINE MEAT AND LIVE ANIMALS BUT SHOULD ALSO LEAVE THE PRODUCT COVERAGE OPEN SO THAT AT A LATER LIMITED OFFICIAL USE
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STAGE OTHER MEATS COULD BE INCLUDED IN THE WORK OF THE SUB-GROUP. THE EC STATED THAT IF THE SUB-GROUP WANTED TO EXPAND ITS WORK PROGRAM IT SHOULD GO BACK TO GROUP "AGRICULTURE". AFTER LENGTHY DISCUSSIONS AND SUPPORT FROM MOST COUNTRIES FOR THE US PROPOSAL, THE EC CONCEDED THAT THE GROUP WAS COMPETENT TO DEAL WITH ALL MEATS (INCLUDING LIVE ANIMALS).

12. ON THE QUESTION OF THE FIRST PHASE OF THE GROUP'S FUTURE WORK, THE US, AUSTRALIA, CANADA, AND OTHERS HAD SUGGESTED THAT THE GROUP UNDERTAKE AN ANALYSIS OF TRADE BARRIERS AND TRADE DISTORTING PRACTICES. THE EC OBJECTED SAYING THIS WOULD BE REPETITIOUS AND IRRELEVANT. WHAT WAS RELEVANT FOR THE EC WERE RECENT CHANGES IN THE STRUCTURE AND COMPOSITION OF WORLD TRADE. THESE ISSUES SHOULD BE ANALYZED. AS A COMPROMISE, BOTH PROPOSALS WERE INCLUDED IN THE FINAL WORK PROGRAM.

13. AGREEMENT ON THE SECOND STAGE OF THE WORK PROGRAM PROVED TO BE MOST DIFFICULT. THE EC INSISTED THAT THE TERM LIBERALIZATION NOT BE INCLUDED IN THE WORK PROGRAM. THE EC ALSO PROPOSED THAT THE GROUP SHOULD AVOID TERMS SUCH AS TRADE DISTORTION, SUPPLY ACCESS, SECURITY, ETC. IN ITS VIEW THE SECOND STAGE OF THE GROUP'S WORK SHOULD BE DEVOTED TO A SEARCH FOR A BETTER MARKET ORDER, I.E., CONSULTATION AND INFORMATION.
IN THE END A COMPROMISE WAS REACHED. THE SUBGROUP AGREED TO A SECOND STAGE WORK PROGRAM THAT INCLUDES DEALING WITH ALL THE ELEMENTS OF ALL PROPOSALS THAT HAVE BEEN MADE, SUCH AS EXPANSION AND EVER-GREATER LIBERALIZATION OF TRADE WHICH FIGURES PROMINENTLY IN THE WORK PROGRAM (SEE SEPTTEL).

14. THE DATE FOR THE NEXT MEETING (PROBABLY IN OCTOBER)

WILL BE SET IN CONSULTATION WITH THE DELEGATIONS.

HARTZELL

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